

SB3381



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB3381

Introduced 2/10/2010, by Sen. Jeffrey M. Schoenberg

SYNOPSIS AS INTRODUCED:

215 ILCS 105/12

from Ch. 73, par. 1312

Amends the Comprehensive Health Insurance Plan Act. Provides that any deficit incurred or expected to be incurred on behalf of eligible persons who qualify for plan coverage under the provisions concerning eligibility shall be recouped by an assessment of all insurers made in accordance with the provisions concerning deficit or surplus (instead of by an appropriation made by the General Assembly). Provides that the Comprehensive Health Insurance Plan Board shall, within 90 days after the effective date of the amendatory Act and within the first quarter of each fiscal year thereafter, assess all insurers for the anticipated deficit. Provides that the Board may also make additional assessments no more than 4 times a year to fund unanticipated deficits, implementation expenses, and cash flow needs. Makes a technical change to update Section numbering. Effective immediately.

LRB096 20471 RPM 36126 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning public health.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Comprehensive Health Insurance Plan Act is
5 amended by changing Section 12 as follows:

6 (215 ILCS 105/12) (from Ch. 73, par. 1312)

7 Sec. 12. Deficit or surplus.

8 a. If premiums or other receipts by the Board exceed the
9 amount required for the operation of the Plan, including actual
10 losses and administrative expenses of the Plan, the Board shall
11 direct that the excess be held at interest, in a bank
12 designated by the Board, or used to offset future losses or to
13 reduce Plan premiums. In this subsection, the term "future
14 losses" includes reserves for incurred but not reported claims.

15 b. Any deficit incurred or expected to be incurred on
16 behalf of eligible persons who qualify for plan coverage under
17 Section 7 of this Act shall be recouped by an assessment of all
18 insurers made in accordance with the provisions of this Section
19 appropriation made by the General Assembly. The Board shall,
20 within 90 days after the effective date of this amendatory Act
21 of the 96th General Assembly and within the first quarter of
22 each fiscal year thereafter, assess all insurers for the
23 anticipated deficit in accordance with the provisions of this

1 Section. The Board may also make additional assessments no more
2 than 4 times a year to fund unanticipated deficits,
3 implementation expenses, and cash flow needs.

4 c. For the purposes of this Section, a deficit shall be
5 incurred when anticipated losses and incurred but not reported
6 claims expenses exceed anticipated income from earned premiums
7 net of administrative expenses.

8 d. Any deficit incurred or expected to be incurred on
9 behalf of federally eligible individuals who qualify for Plan
10 coverage under Section 14.05 ~~15~~ of this Act shall be recouped
11 by an assessment of all insurers made in accordance with the
12 provisions of this Section. The Board shall within 90 days of
13 the effective date of this amendatory Act of 1997 and within
14 the first quarter of each fiscal year thereafter assess all
15 insurers for the anticipated deficit in accordance with the
16 provisions of this Section. The board may also make additional
17 assessments no more than 4 times a year to fund unanticipated
18 deficits, implementation expenses, and cash flow needs.

19 e. An insurer's assessment shall be determined by
20 multiplying the total assessment, as determined in subsections
21 b and d ~~subsection d.~~ of this Section, by a fraction, the
22 numerator of which equals that insurer's direct Illinois
23 premiums during the preceding calendar year and the denominator
24 of which equals the total of all insurers' direct Illinois
25 premiums. The Board may exempt those insurers whose share as
26 determined under this subsection would be so minimal as to not

1 exceed the estimated cost of levying the assessment.

2 f. The Board shall charge and collect from each insurer the
3 amounts determined to be due under this Section. The assessment
4 shall be billed by Board invoice based upon the insurer's
5 direct Illinois premium income as shown in its annual statement
6 for the preceding calendar year as filed with the Director. The
7 invoice shall be due upon receipt and must be paid no later
8 than 30 days after receipt by the insurer.

9 g. When an insurer fails to pay the full amount of any
10 assessment of \$100 or more due under this Section there shall
11 be added to the amount due as a penalty the greater of \$50 or an
12 amount equal to 5% of the deficiency for each month or part of
13 a month that the deficiency remains unpaid.

14 h. Amounts collected under this Section shall be paid to
15 the Board for deposit into the Plan Fund authorized by Section
16 3 of this Act.

17 i. An insurer may petition the Director for an abatement or
18 deferment of all or part of an assessment imposed by the Board.
19 The Director may abate or defer, in whole or in part, the
20 assessment if, in the opinion of the Director, payment of the
21 assessment would endanger the ability of the insurer to fulfill
22 its contractual obligations. In the event an assessment against
23 an insurer is abated or deferred in whole or in part, the
24 amount by which the assessment is abated or deferred shall be
25 assessed against the other insurers in a manner consistent with
26 the basis for assessments set forth in this subsection. The

1 insurer receiving a deferment shall remain liable to the plan
2 for the deficiency for 4 years.

3 j. The board shall establish procedures for appeal by any
4 insurer subject to assessment pursuant to this Section. Such
5 procedures shall require that:

6 (1) Any insurer that wishes to appeal all or any part
7 of an assessment made pursuant to this Section shall first
8 pay the amount of the assessment as set forth in the
9 invoice provided by the board within the time provided in
10 subsection f. of this Section. The board shall hold such
11 payments in a separate interest-bearing account. The
12 payments shall be accompanied by a statement in writing
13 that the payment is made under appeal. The statement shall
14 specify the grounds for the appeal. The insurer may be
15 represented in its appeal by counsel or other
16 representative of its choosing.

17 (2) Within 90 days following the payment of an
18 assessment under appeal by any insurer, the board shall
19 notify the insurer or representative designated by the
20 insurer in writing of its determination with respect to the
21 appeal and the basis or bases for that determination unless
22 the Board notifies the insurer that a reasonable amount of
23 additional time is required to resolve the issues raised by
24 the appeal.

25 (3) The board shall refer to the Director any question
26 concerning the amount of direct Illinois premium income as

1 shown in an insurer's annual statement for the preceding
2 calendar year on file with the Director on the invoice date
3 of the assessment. Unless additional time is required to
4 resolve the question, the Director shall within 60 days
5 report to the board in writing his determination respecting
6 the amount of direct Illinois premium income on file on the
7 invoice date of the assessment.

8 (4) In the event the board determines that the insurer
9 is entitled to a refund, the refund shall be paid within 30
10 days following the date upon which the board makes its
11 determination, together with the accrued interest.
12 Interest on any refund due an insurer shall be paid at the
13 rate actually earned by the Board on the separate account.

14 (5) The amount of any such refund shall then be
15 assessed against all insurers in a manner consistent with
16 the basis for assessment as otherwise authorized by this
17 Section.

18 (6) The board's determination with respect to any
19 appeal received pursuant to this subsection shall be a
20 final administrative decision as defined in Section 3-101
21 of the Code of Civil Procedure. The provisions of the
22 Administrative Review Law shall apply to and govern all
23 proceedings for the judicial review of final
24 administrative decisions of the board.

25 (7) If an insurer fails to appeal an assessment in
26 accordance with the provisions of this subsection, the

1 insurer shall be deemed to have waived its right of appeal.

2 The provisions of this subsection apply to all assessments
3 made in any calendar year ending on or after December 31, 1997.

4 (Source: P.A. 90-30, eff. 7-1-97; 90-567, eff. 1-23-98.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.